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PUBLIC UTILITIES  
COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

----In the Matter of ---- )  
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PUBLIC UTILITIES COMMISSION )  
 )  
Instituting a Proceeding to Investigate )  
the Issues and Requirements Raised by, )  
and Contained in, Hawaii Revised )  
Statutes 486H, as Amended. )  
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DOCKET NO. 05-0002

INFORMATION REQUESTS OF TESORO HAWAII CORPORATION

TO ICF CONSULTING, LLC,

AND

CERTIFICATE OF SERVICE

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A Limited Liability Law Partnership

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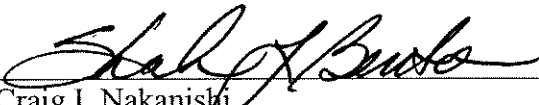
BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

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| _____                                   | ) |                    |

**INFORMATION REQUESTS OF TESORO HAWAII CORPORATION**  
**TO ICF CONSULTING, LLC**

COMES NOW, Tesoro Hawaii Corporation, by and through its attorneys, and hereby submits its Information Requests to ICF Consulting, LLC, pursuant to the requirements of Order No. 21680, issued on March 1, 2005, as amended by Order No. 21822, issued on May 16, 2005.

DATED: Honolulu, Hawaii, May 27, 2005.

  
\_\_\_\_\_  
Craig I. Nakanishi  
Shah J. Bento  
Rush Moore LLP  
A Limited Liability Law Partnership

Attorneys for TESORO HAWAII CORPORATION

**DOCKET NO. 05-0002**

**TESORO HAWAII CORPORATION**

**INFORMATION REQUESTS TO ICF CONSULTING, LLC**

**INSTRUCTIONS**

In order to expedite and facilitate Tesoro Hawaii Corporation's ("Tesoro") review and analysis in the above matter and of the report titled Implementation Recommendations for Hawaii Revised Statutes Chapter 486H, Gasoline Price Cap Legislation, submitted by ICF Consulting, LLC (April 15, 2005) (the "Report"), the following is requested:

1. For each response, ICF Consulting, LLC, ("ICF") should identify the person who is responsible for preparing the response.
2. Unless otherwise specifically requested, for applicable calculations, formulae, documents, source material, data and inputs, ICF should provide hard copies of each such calculation, formula, document, source material, datum or input, together with one copy of each calculation, formula, document, source material, datum or input, on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples).
3. When an information request makes reference to specific documentation used by ICF to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, ICF instructions, or any other relevant authoritative source which ICF used.
4. Should ICF claim that any information is not discoverable for any reason:
  - a. State all claimed privileges and objections to disclosure;
  - b. State all facts and reasons supporting each claimed privilege and objection;

c. State under what conditions ICF is willing to permit disclosure to Tesoro (e.g., protective agreement, review at business offices, etc.); and

d. If ICF claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that ICF claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

5. Tesoro has provided general references to chapters and specific references to page numbers from the Report. These references are not intended to control or limit responses in any way. In the interest of providing complete input for the Commission's investigation, all answers to these information requests should be fully responsive to the questions asked in all aspects as it relates to ICF's work for the Commission and the Report and should not be limited by the reference(s) that have been provided.

**DOCKET NO. 05-0002**

**INFORMATION REQUESTS OF TESORO HAWAII CORPORATION**

**TO ICF CONSULTING, LLC**

**A. General reference for Tesoro-IR-1 to Tesoro-IR-28: Report, Chapter 1.0, “Introduction to Hawaii Gasoline Market” and Chapter 2.0, “Baseline Price and Location Adjustment.”**

**Tesoro-IR-1. Reference (Ref): Report, pp. 17-19.**

The Report states that alternative sources which are reasonable fits include the Far East and the Caribbean and that the Caribbean and Singapore markets represent likely potential sources of gasoline into Hawaii. Please provide the source identity, number and sizes of gasoline cargoes supplied from the Far East and Caribbean locations to the US West Coast by year from 1999-2004.

a. For the historical period of time examined in the Report, how many shipments of 30,000 Metric Tonnes (“MT”) of refined Singapore gasoline to Hawaii have actually occurred? For any shipments identified, please provide the size(s) of such shipments.

b. For the historical period of time examined in the Report, how many shipments of 30,000 MT of refined Caribbean gasoline to Hawaii have actually occurred? For any shipments identified, please provide the sizes of such shipment(s).

**Tesoro-IR-2. Ref: Report, pp. 20-22.**

Please provide the source identity, number, and sizes of the cargoes of gasoline supplied to the US West Coast from locations other than the Far East or the Caribbean locations by year from 1999-2004.

a. For the historical period of time examined in the Report, how many shipments of 30,000 MT of refined gasoline from locations other than the Far East or the Caribbean to the West Coast have actually occurred? For any shipments identified, please provide the size(s) of such shipments.

b. For the historical period of time examined in the Report, how many shipments of 30,000 MT of refined gasoline from locations other than the Far East or the Caribbean to Hawaii have actually occurred? For any shipments identified, please provide the size(s) of such shipments.

**Tesoro-IR-3. Ref: Report, pp. 23-25.**

Does the Report consider that there is a West Coast market alternative to Hawaii for an importer of Singapore and Caribbean cargoes?

a. If yes, what is the impact of the West Coast market alternative on an importer's willingness to ship to Hawaii?

b. If no, please explain why not.

**Tesoro-IR-4. Ref: Report, pp. 20-22.**

Please specify the number, identity, and location of all facilities in Hawaii that can currently accommodate ships and gasoline cargoes of 30,000 MT.

**Tesoro-IR-5.           Ref: Report, pp. 19, 65.**

Why was the RON92 index used in the base calculation rather than the RON95 index? Please provide details of the Singapore RON and MON specifications used to determine the use of the RON92 index to meet the Hawaii requirement for a minimum AKI of 87 octane.

**Tesoro-IR-6.           Ref: Report, pp. 18-19, 24, 30-34.**

In preparing its Report, did ICF conduct any analysis of the types of crude that are processed by refineries in Singapore and the Gulf Coast?

a.       If yes, what were the results of such analysis with respect to weight and sulphur content of the crudes that are processed in Singapore and the Gulf Coast? Please provide documentation of any and all ICF analyses of sulphur contents and the specifications used in the Report with respect to the sulphur content of crudes processed in Singapore and the Gulf Coast.

b.       If no, please explain why not.

**Tesoro-IR-7.           Ref: Report, pp. 17-27, 30-34.**

Please provide a breakdown of the crude types by percentage used in the Far East (including Singapore) and Caribbean locations, the FOB prices, the discounts or premiums to the FOB prices and the freight assessments to move them to the respective refineries. Please provide the data on a year by year basis from 1999-2004. If the information requested was not considered by ICF, please explain why it was not considered.

**Tesoro-IR-8. Ref: Report, pp. 17-27, 30-34.**

Please provide a breakdown of the crude types used by percentage in assessing the crude costs in a Hawaii refinery, the FOB prices, the discounts or premiums to the FOB prices and the freight assessments to move them to Hawaii. Please provide the data on a year by year basis from 1999-2004. If the information requested was not considered by ICF, please explain why it was not considered.

**Tesoro-IR-9. Ref: Report, pp. 17-27, 30-34.**

If Tapis and like crudes were not incorporated into the assessment of Hawaii crude costs, please explain why?

**Tesoro-IR-10. Ref: Report, pp. 17-19, 30-34.**

Have any adjustments been made in the Report's recommended baseline prices to account for the differences in gravity and sulphur between the types of crude that are processed in Singapore and the Gulf Coast in comparison to Hawaii?

- a. If yes, please explain the adjustments that were made.
- b. If no, please explain why no adjustments were made.

**Tesoro-IR-11. Ref: Report, pp. 17-19, 30-34.**

Does the report contain an adjustment to the baseline price to account for the higher cost of the sweet crudes used in Hawaii refineries versus the lower costs of crudes used in Singapore and the Gulf Coast?

- a. If yes, please explain the nature and rationale of the adjustment.

- b. If no, please explain why no adjustments were made.

**Tesoro-IR-12. Ref: Report, pp. 23-25.**

Please explain why the Report's import parity formula does not address financing; administrative costs; and inventory carrying costs, on the vessel and in terminal storage?

- a. Is ICF willing to consider recommending such costs to the PUC in the import parity formula?

- (1) If not, why not?

- b. If such financing, administrative costs, and inventory carrying costs were to be considered by ICF, please explain how they would be calculated and factored into the import parity formula.

- c. Does the Report consider the costs of risk management, hedging, futures, insurance or other costs of managing business in a gasoline price cap environment?

- (1) If not, why not?

- (2) Is ICF willing to consider recommending such costs to the PUC?

**Tesoro-IR-13. Ref: Report, p. 18.**

The Report states that the difference in quality characteristics of gasoline from Singapore compared with gasoline in Hawaii can be offsetting. ICF believes that the net effects of these quality anomalies are small.

- a. Please explain and provide the methodology, data, inputs and calculations used by ICF to determine that the difference in quality characteristics can be offsetting.

**Tesoro-IR-14. Ref: Report, pp. 17-19.**

Does ICF conclude that there is a difference in quality characteristics of gasoline from the Caribbean compared with gasoline in Hawaii?

a. If yes, does ICF believe that the difference in quality characteristics can be offsetting?

(1) Please explain and provide the methodology, data, inputs and calculations used by ICF to determine that the difference in quality characteristics can be offsetting.

b. If no, please explain and provide the methodology, data, inputs, and calculations used by ICF to determine that there is no difference in quality characteristics of gasoline from the Caribbean compared with gasoline in Hawaii.

**Tesoro-IR-15. Ref: Report, p. 18.**

Does the Report consider the costs to a refinery in Singapore and the Caribbean to produce gasoline that fully aligns with Hawaii's requirements for conventional gasoline?

- a. If yes, please quantify those costs separately for Singapore and the Caribbean.
- b. If no, please explain why not?
- c. Please specify the number and identity of the refineries in the Caribbean, Far East and Singapore that can currently produce gasoline to meet the US EPA standard of 30 ppm sulphur in 2006? Please also provide the monthly production capability of each such refinery.

**Tesoro-IR-16. Ref: Report, pp. 20-23, 65.**

Please clarify the relationship and methodology used by ICF to calculate freight rates into Hawaii from the Far East. Please provide a detailed numerical analysis of the data supplied in Exhibit 2.7 and Exhibit 2.8.

**Tesoro-IR-17. Ref: Report, pp. 20-23, 65.**

Please clarify the relationship and methodology used by ICF to calculate freight rates into Hawaii from the Caribbean. Please provide a detailed numerical analysis of the data supplied in Exhibit 2.7 and Exhibit 2.8.

**Tesoro-IR-18. Ref: Report, pp. 17-27, 30-33.**

a. In preparing the recommendations of the report, please outline the context for establishing the bulk and import parity pricing, i.e., is it assumed that cargoes are being supplied on a spot basis by a trading company for import to Hawaii or is it assumed that a marketer in Hawaii is importing cargoes into Hawaii on a term basis via direct purchase from a refiner in one of the markets quoted?

b. Does the ICF Report contain any measures for implementation in the event of unplanned refinery downtime? If yes, please explain such measures.

(1) If no, please explain why not?

c. In the event of such an unplanned refinery downtime event, are there any measures in the ICF Report to account for an adjustment in the price caps, consistent with the higher costs that would be incurred to provide resupply in the International spot product market? If yes, please explain such measures.

(1) If no, please explain why not?

d. During the time period that it would take to bring in additional supply from other sources, what would the price cap formula reflect?

**Tesoro-IR-19. Ref: Report, p. 21 and pp. 20-23, 65**

A United States Gulf Coast (“USGC”) to Hawaii movement is about 40 percent greater in distance than a USGC to Los Angeles movement. Please explain how the difference appearing in Exhibit 2.5, p. 21 of the Report, was derived.

**Tesoro-IR-20. Ref: Report, pp. 20-27.**

Did the Report base its freight calculations on ships importing gasoline to Hawaii with a backhaul factor?

a. If yes, please explain and provide the basis, methodology, data, inputs and calculations to support ICF’s conclusion that ships importing to Hawaii will backhaul and provide the backhaul factors used.

(1) Please provide the freight calculations for ships importing gasoline to Hawaii without a backhaul factor.

b. If no, please explain and confirm that ICF’s freight calculations do not contain a backhaul factor.

**Tesoro-IR-21. Ref: Report, pp. xii, 20-27.**

Did ICF calculate likely charges for a Worldscale Premium (up to 40 Worldscale points) for movements to Hawaii due to the limited opportunities for a backhaul?

**Tesoro-IR-22.           Ref: Report, pp. 20-27.**

How many cargoes of light product left Hawaii for the Far East or Caribbean by year for the period 1999-2004?

**Tesoro-IR-23.           Ref: Report, p. 21 and pp. 20-22, 65.**

ICF states that its freight estimates may be “slightly conservative (i.e., low).” Report at p. 21.

Please quantify what an appropriate estimate, i.e., one that is not “slightly conservative” or “low” would be?

**Tesoro-IR-24.           Ref: Report, p. 21.**

Does the Report mean to recommend that the Hawaii freight costs should be adjusted upwards to an appropriate estimate that is not “slightly conservative” or “low”?

**Tesoro-IR-25.           Ref: Report, pp. 11-15.**

The ICF Report states that Hawaii’s gasoline demands have been met primarily by the two refineries in Hawaii, ChevronTexaco’s and Tesoro’s. “Refinery gasoline production in general meets Hawaii’s demands, and imported gasoline cargoes have periodically occurred in the past to cover periods of refinery maintenance, or to create marketing growth opportunities for wholesale marketers.” Report at p. 11. At page 12 of the Report, ICF states that it could take up to 4 weeks to receive additional supply from other sources.

a.       Please outline ICF’s timeline to arrive at a 4 week supply chain for resupply of gasoline to Hawaii.

(1) Please explain and provide the methodology, data, inputs and calculations used by ICF to derive the 4 weeks needed to receive additional supply from other sources.

b. Are there any conditions where ICF would consider that it may take more than 4 weeks for supply from other sources? If so, please describe such conditions.

(1) Does ICF believe that it may be reasonable to conclude that it could take up to six weeks to receive additional gasoline supply into Oahu?

(2) If no, please explain why not.

**Tesoro-IR-26      Ref: Report, pp. 30-34.**

In establishing the margin of 1 cpg above import parity for bulk gasoline sales in Hawaii, please explain the criteria used. Was return on investment one of the factors considered? If not, please explain why not.

**Tesoro-IR-27      Ref: Report, pp. 23-25.**

In establishing the weekly price cap calculations for import parity, will adjustments be made to the selected posting in the Far East and Caribbean to account for the market premium or discount? If no, please explain why not.

**Tesoro-IR-28      Ref: Report, pp. 8, 23-25, 76.**

Please explain how the import parity measure will be adjusted to accommodate the cost of purchased ethanol once the ethanol mandate is in effect in April 2006.

**B. General reference for Tesoro-IR-29 to Tesoro-IR-43: Report, Chapter 3.0, “Marketing Margins” and Chapter 4.0, “Premium and Midgrade Adjustments.” Where not otherwise specified in the information request, with respect to Tesoro-IR-29 to Tesoro-IR-43, the term “margins” means DTW marketing margins and Rack Branded and Unbranded marketing margins; the term “adjustments” refers to DTW and Rack Premium and Midgrade adjustments.**

**Tesoro-IR-29. Ref: Report, pp. 35, 52.**

In the Rack margins analysis, eight cities, including Phoenix and Seattle, were selected to calculate the rack prices for Unleaded gasoline. However, for Midgrade and Premium adjustments, please explain why Phoenix and Seattle were not selected?

**Tesoro-IR-30. Ref: Report, pp. 49-58.**

Since Platt’s did not have Midgrade and Premium differential information for adjustments, why was OPIS rack posting not used?

**Tesoro-IR-31. Ref: Report, pp. 29-58.**

Please explain why the criteria selected by ICF excludes states and cities in the Pacific Northwest, and the cities of Los Angeles, and San Francisco, from the calculations of margins and adjustments, as applicable. In responding to this information request, please identify and quantify the specific criteria applied by ICF in making such exclusion.

**Tesoro-IR-32. Ref: Report, pp. 29-58.**

Are there markets that could have been chosen by ICF other than those selected for the Report with respect to margins and adjustments?

a. If yes, please explain why other markets were not selected?

(1) Please explain why the Report did not consider all markets in the United States for calculation of margins and adjustments?

b. If no, please explain why no other markets could have been chosen other than those selected for the Report.

**Tesoro-IR-33. Ref: Report, pp. 29-58.**

Does ICF maintain that there is only one reporting source that should be used for establishing margins and adjustments?

a. If yes, please explain why ICF believes that there is only one reporting source that should be used for establishing margins and adjustments.

b. If no, please explain why ICF did not use other potential sources.

c. How much did it cost for ICF to obtain the data used to establish margins and adjustments in the Report?

d. What was ICF's budgeted amount for obtaining the data used to establish margins and adjustments in the Report?

e. Please describe and explain all limitations arising from the budgeted amounts, any expenditure limitations, and any time constraints on ICF's ability to collect and analyze data used to establish margins and adjustments.

(1) But for the limitations set forth in response to Tesoro-IR-33.e., above, are there any other sources of data that ICF would have preferred to use in the Report to establish margins and adjustments?

f. Aside from the use of the applicable reporting services, did ICF conduct an independent study of the gross margins and adjustments in any cities and States in the United States?

**Tesoro-IR-34. Ref: Report, pp. 35-40.**

What were the criteria used in selecting the eight cities for the Rack margin? Please explain why all city markets west of the Rockies were excluded from consideration.

**Tesoro-IR-35. Ref: Report, pp. 40-46.**

Why were the five states, Florida, Georgia, Maine, Michigan and New York, selected as the basis for calculation of the DTW marketing margin? Please explain why all states west of the Rockies were excluded from consideration.

**Tesoro-IR-36. Ref: Report, pp. 40-46.**

Since Lundberg has specific markets published, why was Lundberg not used instead of the statewide EIA reports for establishing DTW margins?

**Tesoro-IR-37. Ref: Report, pp. 29-58.**

Please confirm that the Report recommends using the full prior year average price to establish margins and adjustments.

**Tesoro-IR-38.        Ref: Report, pp. 35-40, 52-54.**

Since OPIS has many more markets published than Platt's, why was OPIS not used to provide a basis for Rack margins and Rack adjustments?

**Tesoro-IR-39.        Ref: Report, pp. 39-40.**

Please confirm that the Report recommends using the full prior year average price to establish the Branded and Unbranded price comparisons.

**Tesoro-IR-40.        Ref: Report, p. 68.**

In the Summary of Calculations (para. 7.2.6, p. 68), the Report mentions using the average prices for each week, ending on Friday, and effective Sunday midnight for prices effective the following week. If pricing errors should occur in any of the publications and sources used for gas cap pricing:

- a.        Once invoices are sent to customers, who will be responsible for the cost of reissuing these invoices?
- b.        Please describe the economic effects of such pricing errors on a market controlled by gasoline price caps.
- c.        Does the Report contain a mechanism to address pricing errors in publications and sources used for margins and adjustments?
  - (1)      If yes, please describe and explain the mechanism.
  - (2)      If no, please explain why not.

**Tesoro-IR-41.           Ref: Report, pp. 49-58.**

Please provide the calculation and breakdown of percentages of Premium and Midgrade gas usage in Hawaii as compared to other areas studied by ICF to reach the recommendations made in the Report. In responding, please provide the calculation and breakdown for these other areas. Did ICF consider if the percentages of each product has an influence on the price differentials between each product: Regular, Midgrade and Premium? If yes, please explain and quantify such influence. If no, please explain why not.

**Tesoro-IR-42.           Ref: Report, pp. 29-58.**

Please explain why ICF did not use the marketing margins methodology for calculating the Premium and Midgrade adjustments.

**Tesoro-IR-43.           Ref: Report, pp. 29-48.**

Did the Report consider capital investment costs, i.e., for dealer stations for the DTW channel of trade, in the costing calculations for establishing marketing margins?

- a.     If yes, please explain how such capital costs were accounted for in the Report.
- b.     If no, please explain why not.
- c.     Did ICF consider the effect of lease rent caps in its Report?
  - (1)    If yes, please explain the effect of lease rent caps as factored into the Report.
  - (2)    If no, please explain why not.

**C. General reference for Tesoro-IR-44 to Tesoro-IR-46: Report, Chapter 4.0, “Premium and Midgrade Adjustments.”**

**Tesoro-IR-44. Ref: Report, pp. 49, 54-56.**

What criteria were used to select the six Mainland states, New York, Georgia, Texas, Michigan, Maine and Florida, to determine the DTW Premium and Midgrade gasoline adjustments?

- a. If the characteristics of each grade of gasoline in each of these Mainland states are different, please explain the methodology used to calculate the appropriate price differentials due solely to such differences. No response is necessary if the characteristics of each grade of gasoline in each of these Mainland states are identical to the characteristics of each grade of gasoline in Hawaii.
- b. Please explain why Texas is not included in Exhibits 4.7, 4.8, and 4.9.
- c. Did the Report analyze the cost structures for each of these six state markets?
  - (1) If so, please describe and quantify the results of that analysis.
  - (2) Please describe any significant similarities and differences from the current cost structure (without price caps) in Hawaii resulting from the Report’s analysis.
- d. Please provide the data that were used to determine the DTW Premium adjustment for each of the markets used in the Report.
- e. Please provide the data that were used to determine the Midgrade adjustment for each of the markets used in the Report.

**Tesoro-IR-45. Ref: Report, p. 52.**

What criteria were used to select the six cities, Albany, Atlanta, Dallas, Detroit, Portland (Maine) and Tampa, to determine the Rack Premium and Midgrade gasoline differentials?

a. If the characteristics of each grade of gasoline in each of these cities are different, please explain the methodology used to calculate the appropriate price differentials due solely to such differences. No response is necessary if the characteristics of each grade of gasoline in each of these cities are identical to the characteristics of each grade of gasoline in Hawaii.

b. Please explain why Dallas is not included in Exhibits 4.4 and 4.6.

c. Did the Report analyze the cost structures for each of these six city markets?

(1) If so, please describe and quantify the results of that analysis.

(2) Please describe any significant similarities and differences from the current cost structure (without price caps) in Hawaii resulting from the Report's analysis.

d. Please provide the data that were used to determine the Rack Premium adjustment for each of the markets used in the Report.

e. Please provide the data that were used to determine the Rack Midgrade adjustment for each of the markets used in the Report.

**Tesoro-IR-46. Ref: Report, pp. 49-58.**

Please explain why all markets, whether state or city markets, west of the Rockies were excluded from the Report's consideration for both Rack and DTW Premium and Midgrade differentials?

**D. General reference for Tesoro-IR-47 to Tesoro-IR-54: Report, Chapter 5.0, “Documents, Data and Information Needed to Determine Zone Price Adjustments” and Chapter 6.0, “Zone Price Adjustments.”**

**Tesoro-IR-47. Ref: Report, pp. 3, 65-69.**

The ICF Report recommends the use of an industry average cost and recognizes that this “may benefit some suppliers and penalize others, however it will provide incentive for higher cost suppliers to lower their zone supply cost structure.” Report at p. 3. If a company is unable to reduce costs sufficiently to average industry costs, does the Report consider what the possible and likely actions would be for such company?

- a. How would these actions change or impact the Hawaii market?
- b. Please explain how the Report and the gas cap recommendations it contains deals with potential closure of businesses, such as trucking firms or terminal assets.

**Tesoro-IR-48. Ref: Report, p. 61.**

The Report states “Trucking costs were estimated based upon a range of high, low and/or average trucking costs supplied by companies.” Without using any confidential information provided by the parties, please explain the methodology and process used by ICF to derive trucking costs for each zone in the Report.

- a. Please provide a nonconfidential example using the methodology and process utilized by ICF in the Report.

**Tesoro-IR-49.           Ref: Report, pp. 60-64.**

How many locations in Hawaii have PUC trucking rates that are higher than the average trucking costs as provided in the Report? What would the possible and likely outcome be for locations that require higher than the average trucking cost to deliver gasoline to them?

a.       In ICF's trucking rates review, please explain the size(s) of deliveries that were used and how they were accounted for in the average trucking costs.

b.       The gas cap zone differentials appear to be for full trucks and trailers; did ICF consider how this would impact some customers and suppliers whose loads are less than full trucks and trailers?

**Tesoro-IR-50.           Ref: Report, pp. 60-64.**

Please explain why there does not appear to be a specific location differential for trucking from Hilo, Hawaii to Kona, Hawaii (Zone 7 to Zone 8, cross-zone trucking) reflecting actual conditions?

**Tesoro-IR-51.           Ref: Report, pp. 59-64.**

Please explain how ICF considered the impact of non-ratable demands on (a) the supply at the terminals, especially the neighbor islands; and (b) barging, trucking and terminalling costs. Please explain how ICF envisions the handling of these zone price adjustments?

**Tesoro-IR-52.           Ref: Report, pp. 59-64.**

Please explain how fee simple land value is calculated into the industry average costs in the zone adjustment calculations. If not calculated, please explain why not.

**Tesoro-IR-53. Ref: Report, pp. 59-64.**

How does ICF envision that the capital improvements required by regulations (i.e. ethanol) will be factored into the zone price adjustment?

**Tesoro-IR-54. Ref: Report, pp. 60-64.**

Please explain whether the ICF Report considers and quantifies the impact of long-term (multi-year) agreements for double-hulled barge leases required by regulations in the barging component of the zone pricing adjustment calculations.

- a. If considered, please describe the methodology used in the Report to determine the impact.
- b. If not considered, please explain why not.
- c. Please provide an example of the barging component using the methodology from the Report.

**E. General reference for Tesoro-IR-55 to Tesoro-IR-64: Report, “Executive Summary” and Chapter 8.0, “Evaluation of Gas Cap Impacts and Other Issues.”**

**Tesoro-IR-55. Ref: Report, p. 68.**

Has ICF begun work on the database tool for housing the gas price cap, referred to at page 68 of the Report? If work has begun, please describe (1) what steps have already taken place (2) what steps still need to take place, and (3) where ICF considers the status of the database tool work to be at the time of its response to this request in relation to completing all such steps.

**Tesoro-IR-56.           Ref: Report, pp. 73-77.**

Has ICF conducted any analysis in preparing the Report regarding the effect on wholesale and consumer buying practices and demand fluctuations that might result from the published price cap in advance of implementation each week?

- a.       If yes, what were the conclusions of this analysis?
- b.       If no, please explain why not.
- c.       Please explain whether, for purposes of pricing products used in setting price caps, the invoice price was determined based on load time, time of discharge, or some other time calculation.

**Tesoro-IR-57.           Ref: Report, pp. 65-69.**

Is ICF aware that the source pricing services are in error at times and that they publish updates and retractions of earlier quotes? How does the Report recommend that the PUC account for errors, updates or retractions in source quotes?

**Tesoro-IR-58.           Ref: Report, pp. ii, 11.**

The Report states that its primary focus is to evaluate and recommend changes to the Gas Cap legislation to ensure that the Gas Caps reflect “true competitive market conditions.” Please explain what ICF means by the phrase, “true competitive market conditions.”

- a.       In the Report, please identify the statewide markets in the United States that reflect “true competitive market conditions” against which Hawaii is compared? If so, please identify the United States statewide markets where price caps are in place.

- b. Are any of the United States statewide markets discussed in the Report, outside of Hawaii, subject to price caps on wholesale gasoline?
- c. What would be the impact of a price cap in the Report that has been calculated to produce caps that are too low relative to “true competitive market conditions”?
- d. In the Report (page ii), it is stated that “efforts by other jurisdictions to implement caps on gasoline prices have typically failed.” What factors does ICF believe caused the previous efforts in other jurisdictions to fail?
- e. Of the factors identified in Tesoro-IR-58.d. above, please comment whether these factors would apply in the Hawaii market.

**Tesoro-IR-59. Ref: Report, p. 15.**

The Report states that the components of the supply chain, as outlined in legislation, were examined to “validate or enhance factors or assumptions detailed in the Legislation.”

- a. Please explain the methodology used by ICF to validate or invalidate the baseline factor detailed in the Legislation. Please provide all data and documents, not produced by the parties, used in such validation or invalidation.
- b. Please explain the methodology used by ICF to validate or invalidate the location adjustment factor detailed in the Legislation. Please provide all data and documents, not produced by the parties, used in such validation or invalidation.
- c. Please explain the methodology used by ICF to validate or invalidate the marketing margin factor detailed in the Legislation. Please provide all data and documents, not produced by the parties, used in such validation or invalidation.

d. Please explain the methodology used by ICF to validate or invalidate the mid-grade adjustment factor detailed in the Legislation. Please provide all data and documents, not produced by the parties, used in such validation or invalidation.

e. Please explain the methodology used by ICF to validate or invalidate the Premium adjustment factor detailed in the Legislation. Please provide all data and documents, not produced by the parties, used in such validation or invalidation.

**Tesoro-IR-60. Ref: Report, p. 65.**

The Report states that the implementation and tracking of Gas Caps is a process that requires a high level of data integrity, security of information, and visibility so that consumers, regulators, and industry representatives have confidence that the calculations, compliance checks, and reporting are accurate.

a. Please explain what the Report means when it refers to a high level of data integrity. What safeguards for data integrity does the Report contemplate?

b. Please explain what the Report means when it refers to a high level of security of information. What safeguards for security of information does the Report contemplate?

c. Please explain what the Report means when it refers to a high level of visibility.

d. Did ICF consider the use of a customer exception report function or complaint process instead of the data collection process recommended in the Report?

(1) Please explain why ICF is recommending a data collection system?

e. What are the estimated costs of implementation and ongoing administration of the monitoring and reporting system recommended in the Report?

**Tesoro-IR-61.           Ref: Report, pp. 29-58.**

To the extent not already provided in response to a previous question, please provide a copy of all source material, documents, data, and other inputs used by ICF, including, but not limited to, source material, documents, data and other inputs from Platt's, OPIS, and EIA that were used in the Report to calculate the marketing margins and Premium and Midgrade adjustments. Please provide such source material, documents, data and other inputs in a retrievable electronic or computerized storage format if available.

- a.       Please provide the calculations and formulae and all inputs used to calculate the marketing margins and Premium and Midgrade adjustments.
- b.       Please confirm the marketing margins and Premium and Midgrade adjustments, and any changes thereto, being recommended in the Report for the implementation date of September 1, 2005.

**Tesoro-IR-62.           Ref: Report, pp. 17-28.**

To the extent not already provided in response to a previous question, please provide a copy of all source material, documents, data, and other inputs used by ICF in the Report, including, but not limited to, source material, documents, data and other inputs from Platt's, OPIS, and EIA, to calculate the Baseline (Source) Price. Please provide such source material, documents, data and other inputs in a retrievable electronic or computerized storage format if available.

- a.       Please provide the calculations and formulae and all inputs used to calculate the Baseline (Source) Price.
- b.       Please confirm the factors for the Baseline (Source) Price, and any changes thereto, being recommended in the Report for the implementation date of September 1, 2005.

**Tesoro-IR-63.           Ref: Report, pp. 17-28.**

To the extent not already provided in response to a previous question, please provide a copy of all source material, documents, data, and other inputs used by ICF in the Report, including, but not limited to, source material, documents, data and other inputs from Platt's, OPIS, and EIA, to calculate the Freight (Location Adjustment) Cost. Please provide such source material, documents, data and other inputs in a retrievable electronic or computerized storage format if available.

a.       Please provide the calculations and formulae and all inputs used to calculate the Freight (Location Adjustment) Cost.

b.       Please confirm the factors for Freight (Location Adjustment) Cost, and any changes thereto, being recommended in the Report for the implementation date of September 1, 2005.

**Tesoro-IR-64.           Ref: Report, pp. 59-64.**

To the extent not already provided in response to a previous question, please provide copies of all source material, documents, data, and other inputs used by ICF in the Report, including, but not limited to, source material, documents, data and other inputs from Platt's OPIS, and EIA, other than confidential information provided by the parties, to calculate the Zone Price adjustments. Please provide such source material, documents, data and other inputs in a retrievable electronic or computerized storage format if available.

a. Please provide the calculations and formulae and all inputs used to calculate the Zone Price adjustments.

b. Please confirm the Zone Price adjustments, and any changes thereto, being recommended in the Report for the implementation date of September 1, 2005.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Information Requests of Tesoro Hawaii Corporation to ICF Consulting, LLC, upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to such party.

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